DOCUMENT RESUME

ED 329 327 PS 018 417

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TITLE Welfare Reform: Its Impact on Pregnant and Parenting Teens.
INSTITUTION National Conference of State Legislatures, Denver, CO.
PUB DATE Oct 89
NOTE 11p.
AVAILABLE FROM National Conference of State Legislatures, 1560 Broadway, Suite 700, Denver, CO 80202 ($5.00).
PUB TYPE Reports - Descriptive (141) -- Collected Works - Serials (022)
JOURNAL CIT State Legislative Report; v14 n13 Oct 1989

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS *Adolescents; *Early Parenthood; Eligibility; *Employment; Federal Legislation; High Risk Students; Job Training; Postsecondary Education; Pregnancy; Remedial Instruction; Secondary Education; State Federal Aid; State Legislation; *State Programs; Transitional Programs; Unwed Mothers; *Welfare Services
IDENTIFIERS *Family Support Act 1988; *Reform Efforts

ABSTRACT

The Family Support Act (FSA) of 1988 is the result of congressional efforts to restructure the nation's welfare system. This report examines the impact of the FSA on state programs that serve pregnant, parenting, and high-risk teenagers. The objective of FSA is to help families started by teen mothers and other welfare recipients make a transition to full-time employment. Several provisions affect state programs and recipients, including: (1) replacement of traditional eligibility requirements with mandatory education, job training, and work activities; (2) provision to states of the option to require that pregnant or parenting teens live with a parent or guardian; (3) establishment of a Teen Care Plan by means of which states will provide counseling to improve the self-image of high-risk teens; and (4) the requirement that states provide services to ease the transition to self-sufficiency. In order to receive federal funds, states must establish education and job training programs for three target populations of at-risk families. Several states have already undertaken welfare reform efforts. A checklist for potential state legislative activity and a short reference list are appended. (BC)

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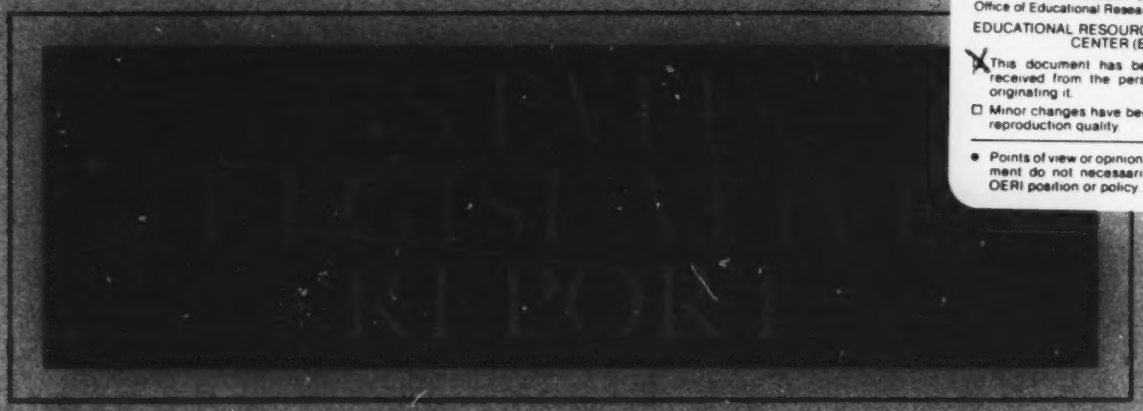

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WELFARE REFORM: ITS IMPACT ON PREGNANT AND PARENTING TEENS

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TEENAGE PREGNANCY PROJECT

Vol. 14 No. 13 October 1989

An Information Service of the National Conference of State Legislatures
1050 17th Street, Suite 2100, Denver, Colorado 80265. William T. Pound, Executive Director

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WELFARE REFORM: ITS IMPACT ON PREGNANT AND PARENTING TEENS

INTRODUCTION

The Family Support Act of 1988 (FSA) is the result of a two-year congressional effort to restructure the nation's welfare system, thereby reducing the number of families dependent on public assistance. The initiative's main objective is to help welfare recipients become financially self-sufficient by requiring them to participate in education, job training and work programs. It is estimated that as a result of the FSA, up to 138,000 families will leave the welfare rolls in the next five years.(1)

The FSA mandates that states match federal funds allocated for certain welfare programs and implement program reforms, including several changes that directly affect programs serving pregnant, parenting and high-risk teen-agers. The implications of these changes are important because families begun by teen-agers comprise a significant portion of the population served by welfare programs. While the FSA provisions that affect teen-agers represent only a small portion of the new law, the provisions are significant nonetheless because of the relationship between teen-age pregnancy and welfare dependency.

This report will examine the impact of the FSA on state programs that serve pregnant, parenting and high-risk teen-agers. It will review the recent history of welfare reform and the link between teen-age pregnancy and welfare dependency, explain the FSA provisions that affect programs serving pregnant, parenting and high-risk teen-agers, review recent state welfare reform activity and identify potential areas for state legislative activity.

BACKGROUND

Welfare reform has warranted significant legislative attention at the state and federal levels because increasing poverty rates for women and children over the past 10 years have resulted in a dramatic expansion of welfare expenditures by the federal and state governments. Legislators are also sensitive to the popular perception that welfare recipients remain dependent on public aid for extended periods of time, despite the fact that the average period of dependency is only 26 months.(2, p. 42)

One population that is represented in particularly high numbers on welfare rolls are families that were started when the mother was a teen-ager. In fact, 71 percent of women under age 30 who receive AFDC had their first children as teen-agers.(2, p. 54)

The connection between welfare dependency and teen-age pregnancy is strong. Three fourths of single mothers under age 24 live below the poverty line.(3, p. 16) This may be because an estimated 51 to 74 percent of teen mothers drop out of school, which increases their chances of being unemployed or having lower status occupations at low wages.(3, p. 17) This, combined with the fact that more than 33 percent of teen-age mothers act as single heads-of-households, places many of these young families at risk for poverty and dependency on public assistance.(4, p. 16)

The main objective of the FSA is to help these young families and other welfare recipients make a transition to full time employment that is sufficient--independent of any public assistance--to support them and their dependent children. To this end, the FSA provisions that target pregnant, parenting and high-risk teen-agers (1) replace traditional welfare eligibility requirements for the Aid to Families with Dependent Children (AFDC) and AFDC-Unemployed Parent (AFDC-UP) programs with mandatory education, job training and

work activities; (2) allow states to require that minor recipients live in households headed by adults; (3) establish a "Teen Care Plan" that gives states the opportunity to apply for demonstration project grants; and (4) require that states provide services to ease the transition to self-sufficiency.

STATE PROGRAM IMPLICATIONS

Several provisions of the new law significantly affect state services to teen-agers who are pregnant, parenting or considered "high-risk" by changing welfare eligibility criteria and expanding certain social services. Title V, Section 506 of the FSA explains this focus on the teen-age service population with its findings that:

- The incidences of teen-age pregnancy, suicide, substance abuse and school drop-out are increasing;
- Research to date has established a link between low self-esteem, perceived limited life options and the risk of teen-age pregnancy, suicide, substance abuse and school drop-out;
- Little data currently exists on how to improve the self-image of and expand the life options available to high-risk teen-agers; and
- There is currently no federal program to address the unique and significant problems faced by today's teen-agers.(5, Sec. 506)

State compliance with certain FSA provisions may necessitate state legislative activity for two main reasons: (1) the FSA's eligibility criteria may not be consistent with existing state welfare standards, and (2) the expansion of certain state social services may require changes in allocations for those services. The specific topic areas for potential state legislative activity are outlined in Appendix A.

Eligibility. Prior to the FSA, most teen-age welfare recipients could qualify for aid by demonstrating financial need and the existence of minor dependents. The only exception was AFDC recipients enrolled in "workfare" programs designed to train and prepare them for unsubsidized employment, who typically received benefits that were in part contingent on their attendance at work and training sessions. The FSA imposes new eligibility requirements for all teen-age welfare recipients that fall under the categories of education, JOBS training, AFDC-UP benefits and households headed by minor parents.

Education. Title II, Section 201 requires custodial parents who are less than 20 years old and have not completed their high school education or its equivalent to participate in an approved educational activity in order to receive AFDC benefits. Eighteen- and 19-year-old participants who fail to make "good progress" academically, as well as those for whom educational activities are determined to be "inappropriate" in light of their employment goals, may participate in training or work activities in lieu of the education requirement. This latter requirement also pertains to teen-age parents with children under age 3, who are otherwise exempt from participation in required education and job training activities.(5, Sec. 203) The state will pay the costs of child care, transportation and "other services which (sic) are necessary" for recipients' attendance, as determined by the state agency.(5, Sec. 201)

JOBS Training. Title IV of the FSA establishes the Job Opportunity and Basic Skills (JOBS) training program. The JOBS initiative, like state "workfare" programs and federally subsidized efforts such as the Work Incentive (WIN) program, provides welfare benefits that

are contingent on recipients participating in certain educational, job training and work requirements. The JOBS training program replaces the WIN program and the FSA requires that it be implemented in each state that continues to receive federal welfare funds. Participation in the JOBS program is a condition of AFDC eligibility for all recipients except those acting as a custodial parent for a child less than three years of age.

In order to comply with the FSA, each state must develop a state plan for a JOBS program that includes developing an individual "employability plan"--that is, a detailed outline of a participant's plan for achieving financial self-sufficiency--in collaboration with each participant. With regard to participants who are teen-age parents and who have not earned a high school degree or its equivalent, employability plans must include educational activities unless the participant's employment goal does not require a high school degree. Child care, transportation and other work-related expenses that are necessary for a recipient's participation in the JOBS program must be provided or reimbursed by the states. All state plans must be approved by the Secretary of Health and Human Services and in operation by October 1, 1990.(5, Sec. 204)

Recipients who refuse a job offer or fail to meet JOBS participation requirements without good cause--such as a lack of child care--will be sanctioned. In a single-parent family, a sanction would consist of eliminating the adult's portion of the welfare payment; in a two-parent family, both parents would lose their portion of the welfare payment.(5, Sec. 201)

AFDC-UP. AFDC-UP is a program that provides financial assistance to two-parent families where the primary wage-earner is unemployed. It is currently optional for states and has been implemented in 26 states and the District of Columbia.

Under Title IV of the FSA, AFDC-UP becomes a mandatory program that all states must implement by October 1, 1990 for two-parent families where the primary wage-earner is unemployed. Although current federal law does not impose work requirements for AFDC-UP recipients, married teen-age parents will be affected by new AFDC-UP work requirements that make benefits contingent on one parent in the family participating at least 16 hours a week in a JOBS work activity.(5, Sec. 401)

Minor Parent Households. Effective January 1 , 1990, Title IV of the FSA allows states, at their option, to require pregnant and parenting teen-agers under the age of 18 to reside with a parent, legal guardian or adult relative in their own home or in a foster home, maternity home or other adult-supervised living arrangement as a condition for AFDC eligibility. In such cases, where possible, the AFDC payment will be paid to the parent, legal guardian or adult relative. Exceptions to this requirement will be made where a minor parent: (1) has no living parent or legal guardian; (2) has no parent or guardian who would allow him or her to live in the family home; or (3) comes from a home that the state agency determines would jeopardize the emotional health or safety of the minor parent or dependent child.

Proponents of this FSA provision support it as an added means of ensuring that teen-age welfare recipients are living in an environment that is supportive of their participation in education and JOBS activities. In addition, there may be a financial advantage for minor parents who are able to stay in a furnished home where they can share expenses and perhaps receive some financial support from adults living in the household.(5, Sec. 403)

Social Services

Teen-agers are also affected by FSA provisions that expand certain social services provided to "high risk" teens and AFDC recipients in need of transitional benefits.

Teen Care Plan. Title V of the FSA establishes state application procedures for "Teen Care Plan" demonstration projects to provide counseling and social services to youths between the ages of 10 and 20 who have a history of academic or behavioral problems, live in a one-parent household or are pregnant or parenting. The plan's objective is to improve the self-confidence and self-image of high-risk teen-agers by helping them to experience success and positive personal interactions within their communities, thereby increasing the likelihood that these teens will make choices about pre-marital sex, substance abuse and school drop-out that are respectful of themselves and others.

The FSA requires that states implementing Teen Care Plans do the following: (1) provide a clearinghouse that directs teens to existing non-academic, community activities such as athletic and recreational programs; (2) conduct a survey to determine funding and program needs; (3) provide individual and group counseling; and (4) provide participants with transportation and child care. Through a competitive process, four states will be selected to receive federal funding to conduct three-year demonstration projects. The FSA authorizes $1.5 million for each of fiscal years 1990 through 1992.(5, Sec. 506)

Transitional Assistance. Pregnant or parenting teen-agers who are receiving AFDC and then obtain employment will be affected by provisions in Title III that require states to provide transitional child care assistance where such assistance is necessary for the recipient to maintain unsubsidized employment. States must establish sliding fee scales based on families' ability to pay; assistance will be limited to 12 months after the families' regular benefits are terminated. Under current law, WIN participants receive 30 to 90 days of child care assistance when unsubsidized employment begins.(6, p. 12)

Similarly, states will be required to extend Medicaid coverage for one year to families who would otherwise lose Medicaid coverage when they become ineligible for AFDC due to increased earnings or increased hours of employment. States may charge a premium in the second six months of coverage for families with incomes exceeding 100 percent of the federal poverty level. Under current law, states must provide Medicaid benefits for four months after a recipient finds employment and, in some cases, such as when AFDC eligibility is not lost as the result of increased work hours, coverage is extended for nine months. Provisions for both child care and Medicaid transitional assistance become effective April 1, 1990.(5, Sec. 304)

TARGET POPULATIONS

In order to continue receiving federal funds for AFDC programs, states must have plans for the education and JOBS training programs approved by the Department of Health and Human Services and in place by October 1, 1990. In addition, states will be required to match federal allocations for administrative costs with 50 percent of their own funds. For JOBS program costs, states will be given funds at a 90 percent federal/10 percent state matching rate contingent on states spending at least 55 percent of the funds on three target populations: (1) families in which the custodial parent is under 24 years of age and has not completed high school; (2) families in which the youngest child will be ineligible for assistance in two years due to age; and (3) families who have received assistance for more than 36 months during the preceding 60-month period. The federal matching rate will be reduced to 50 percent for states that are not successful in spending the minimum 55 percent of their funds on target population.(7, p. 7)

STATE LEGISLATIVE ACTIVITY

Over half the states have already begun their own welfare reform efforts. At least 32 states introduced more than 80 welfare reform bills in 1987 and 1988.(8, p. 1) This legislative activity reflects the role of state legislators in creating links between education, training and welfare benefits. Examples of such initiatives--the individual components of which may or may not comply with similar FSA provisions--include:

- **Minnesota**--1987 Minn. Laws, Chap. 689 requires minor parents receiving AFDC to attend high school or a General Equivalency Degree (GED) program. All recipients under the age of 18 with children 6 weeks of age and older are required to attend school or a substitute program; failure to attend regularly results in the reduction of a recipient's AFDC grant. Under the Priority Access to Human Services (PATHS) employment and training program established by 1987 Minn. Laws, Chap 403, participating students are provided child care, transportation and medical assistance. Participants must develop a contract with the social service agency that outlines performance and employment goals;

- **Ohio**--Project Learn, financed through the Department of Education, requires all minor parents receiving AFDC to attend high school, a GED program or a vocational educational facility. The state pays for child care and transportation services when they are deemed necessary for a parent's participation in the program. Participants are guaranteed a summer job through a state job training program. Failure to attend school regularly results in the reduction of a recipient's AFDC grant;

- **Washington**--1987 Wash. Laws, Chap. 434 establishes the Family Independence Program (FIP) to provide education, training, child care and case management services to voluntary participants who would otherwise receive AFDC. The program targets teen-agers by providing financial assistance to teen parents who stay in school and appointing teen parent advocates--social workers who teen parents can seek out for counseling or information--in each school. All enrollees are required to do one of the following: complete high school or a GED program; attend a community college or four-year institution; participate in job training; or obtain employment on at least a part-time basis. Those who lose eligibility by becoming employed are provided with 12 months of child care, transportation and medical assistance; and

- **Wisconsin**--1987 Wis. Laws, Chap. 27 requires that 13- to 19-year-old AFDC recipients attend school regularly or lose their benefits. The statute requires participation by all recipients with dependent children over 3 months old. Child care and transportation services are provided for participants.

CONCLUSION

With the majority of single mothers under age 24 living below the poverty line, the connection between teen-age pregnancy and welfare dependency is clear. Congress and the states have acknowledged this link by specifically targeting pregnant, parenting and high-risk teen-agers for welfare reform efforts.

Certain provisions of the FSA, for example, impose eligibility standards that give teen-age welfare recipients opportunities to play active, positive roles in improving their chances for

future independence. Rather than being set apart from the members of their community who go to school and work every day, these teens will become better linked with their communities by attending school, participating in job training and working regularly; rather than leaving their parents' homes in order to establish households that are eligible for AFDC, young mothers may in fact be required to stay in adult-supervised homes as a condition for eligibility; rather than being penalized, in effect, by a welfare system that has not always assisted two-parent households, young couples will be able to marry and still receive AFDC-UP assistance.

In addition, teen-agers who benefit from the FSA's mandated social services will be provided with support systems to help them progress through a difficult time. High-risk teen-agers in states that implement Teen Care plans will have the opportunity to build their confidence and self-esteem as they become achievers in non-academic settings, take part in community activities and make progress through personal counseling. As a result, these teens may make better, more responsible decisions than they would have in the past about taking risks with drugs and alcohol, pre-marital sex and school drop-out. Teen welfare recipients who are successful in finding work will also get help from the transitional child care assistance and Medicaid benefits that are mandated by the FSA. Rather than struggling with child care and medical costs as they work to establish themselves in a new job, recipients will be able to make a smoother transition to unsubsidized employment with up to 12 months of continuing child care and Medicaid benefits.

FSA provisions that affect pregnant and parenting teens contribute not only to the goals of welfare reform, but also to efforts in every state to circumvent some of the problems related to teen-age pregnancy such as high school drop-out and unemployment. State legislators who act to ensure that their state welfare programs are in compliance with the FSA will be taking action that may also help pregnant and parenting teen-agers build independent futures for themselves and their families.

This document was prepared under a grant from the Ford Foundation.

APPENDIX A

A CHECKLIST FOR POTENTIAL STATE LEGISLATIVE ACTIVITY

Provision	Time Line	FSA Section
Education--States must have HHS-approved programs in place that require teen-age, custodial parents to complete their high school education or participate in an "educational activity;" states must provide child care and transportation where necessary.	Programs must be approved and in place by 10/1/90	201
JOBS Training Program--States must have HHS-approved programs in place that require participation by teen-age, custodial parents who have employment goals for which participating in educational activities may be inappropriate; states must provide child care and transportation where necessary.	Programs must be approved and in place by 10/1/90	201
AFDC-UP--States must implement AFDC-UP Programs for two-parent families where the primary wage-earner is unemployed; benefits are contingent on one parent participating at least 16 hours in a JOBS work activity.	Programs must be in place by 10/1/90	401
Minor Parent Households--States may require minor, unmarried teens who are pregnant or parenting to reside with a parent, guardian or adult relative (or other adult-supervised living arrangement) as a condition for a AFDC eligibility.	Effective 1/1/90	403
Transitional Assistance--States are required to provide up to 12 months of transitional child care and Medicaid assistance for recipients who obtain employment.	Effective 4/1/90	302, 303
Teen Care Plan--States may apply for demonstration project grants to provide counseling and social services to high-risk teen-agers.	Projects must begin by 9/30/89	506

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